



Shell Canada Limited

Applications for Licences for a Well, a Single-Well Battery,
and Pipelines
Waterton Field

November 28, 2006

ALBERTA ENERGY AND UTILITIES BOARD

Decision 2006-122: Shell Waterton Limited, Applications for Licences for a Well, a Single-Well Battery, and Pipelines, Waterton Field

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ALBERTA ENERGY AND UTILITIES BOARD

Calgary Alberta

SHELL CANADA LIMITED APPLICATIONS FOR LICENCES FOR A WELL, A SINGLE-WELL BATTERY AND PIPELINES WATERTON FIELD

Decision 2006-122
Applications No. 1452326,
1454774, 1457974, and 1459891

1 DECISION

The Alberta Energy and Utilities Board (EUB/Board) hereby approves Applications No. 1452326, 1454774, 1457974, and 1459891.

2 INTRODUCTION

2.1 Applications

Shell Canada Limited (Shell) submitted an application in accordance with Section 2.020 of the *Oil and Gas Conservation Regulations* for a licence to drill a directional well from a surface location in Legal Subdivision (LSD) 5 of Section 4, Township 4, Range 30, West of the 4th Meridian, to a projected bottomhole location in LSD 1-32-3-30W4M. The maximum hydrogen sulphide (H₂S) concentration would be about 374 moles per kilomole (mol/kmol) (37.4 per cent) and the cumulative drilling hydrogen sulphide (H₂S) release rate would be 13.7 cubic metres per second, with a corresponding emergency planning zone (EPZ) of 15.83 kilometres (km) and a reduced EPZ of 5.1 km. The purpose of the well would be to obtain gas production from the Mississippian System.

Shell submitted an application in accordance with Section 7.001 of the *Oil and Gas Conservation Regulations* requesting approval to construct and operate a single-well gas battery in LSD 5-4-4-30W4M in the Waterton Field. The well site facility would consist of a well site heater, methanol storage tank, inhibitor storage tank, pig launcher, and flare stack. The purpose of the facility would be to separate and measure production from the proposed well.

Shell submitted an application in accordance with Part 4 of the *Pipeline Act* for approval to construct and operate a pipeline for the purpose of transporting natural gas from LSD 5-4-4-30W4M to a pipeline tie-in point in LSD 10-36-3-1W5M. The proposed pipeline would be about 2.26 km in length, with a maximum outside diameter of 168.3 millimetres, and would transport natural gas with a maximum H₂S concentration of 325.00 mol/kmol (32.5 per cent). The proposed pipeline would operate as a level-3 pipeline.

Shell submitted an application in accordance with Part 4 of the *Pipeline Act* for approval to construct and operate a pipeline for the purpose of transporting fuel gas from LSD 10-36-3-1W5M to a pipeline tie-in point in LSD 5-4-4-30W4M. The proposed pipeline would be about

2.26 km in length, with a maximum outside diameter of 60.3 millimetres, and would transport sweet natural gas.

The proposed project would be located about 24.5 km south of Pincher Creek.

2.2 Interventions

Ron Mantle and Kathy Day, who own land and reside within the reduced EPZ about 1.6 km southeast of the proposed well, filed an intervention in opposition to the subject applications. They raised concerns related to health and safety, environment, noise, wildlife, and property value.

Thomas H. Olson, who resides within the reduced EPZ about 2.5 km southeast of the proposed well, filed an intervention in opposition to the subject applications. He raised concerns related to environment, health and safety, wildlife, and property value.

Van E. C. Christou, who resides within the calculated EPZ about 9.6 km east/northeast of the proposed well, filed an intervention in opposition to the subject applications. He raised concerns related to compensation, which the Board does not determine.

2.3 Hearing

The Board had scheduled a public hearing in Pincher Creek, Alberta, to commence on December 5, 2006, before Board Member J. D. Dilay, P.Eng. (Presiding Member) and Acting Board Members R. J. Willard, P.Eng., and F. Rahnama, Ph.D. The hearing was cancelled by the Board for reasons set out below.

3 DISCUSSION

Dr. Christou confirmed that he did not wish to engage in the hearing process on September 19, 2006, if the Board has no jurisdiction to address compensation.

The other objecting parties engaged the EUB's facilitation team, and discussions between Shell and Mr. Olson, Mr. Mantle, and Ms. Day were held, resulting in agreements being reached. On November 7, 2006, the Board received a signed withdrawal of objection from Mr. Olson. Subsequently on November 9, 2006, the Board also received a signed withdrawal of objection from Mr. Mantle and Ms. Day.

On November 10, 2006, Shell requested that the hearing be cancelled. In light of the withdrawals of objections and since the applications meet all of the EUB's requirements, the Board determined that the scheduled hearing was no longer required and cancelled the hearing.

Dated in Calgary, Alberta, on November 28, 2006.

ALBERTA ENERGY AND UTILITIES BOARD

<original signed by>

J. D. Dilay, P.Eng.
Presiding Member

<original signed by>

R. J. Willard, P.Eng.
Acting Board Member

<original signed by>

F. Rahnama, Ph.D.
Acting Board Member